

200640002



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

JUL 12 2006

T:EP:RA:A2

Company = :

This letter constitutes notice that a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the following conditions:

- (1) the Company makes the remaining required quarterly contributions to the Plan due on July 15, , October 15, , and January 15, , in a timely manner, and meets the minimum funding standard for the plan year ending December 31, , by September 15, (without applying for a waiver of the minimum funding standard);
- (2) the Company makes the required quarterly contribution to the Plan due on April 15, , July 15, , October 15, , and January 15, , for the plan year ending December 31, , in a timely manner, and meets the minimum funding standard for the plan year ending December 31, , by September 15, (without applying for a waiver of the minimum funding standard); and
- (3) the Company makes the required quarterly contribution to the Plan due on April 15, , July 15, , October 15, , and January 15, , for the plan year ending December 31, , in a timely manner, and meets the minimum funding standard for the plan year ending December 31, , by September 15, (without applying for a waiver of the minimum funding standard).

You agreed to these conditions in letter dated June 27, , sent via facsimile. If any one of these conditions is not satisfied, the waiver is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code and section 303 of the Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which this conditional waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of December 31,

The Company's primary business is the manufacture of ;  
Its primary customers are manufacturers of .

The current financial hardship was brought on by an unexpected loss of revenue at the end of when the Company's largest customer moved sourcing of gears to The Company had a loss of \$ in the year ending February 28, , after having profits of \$ in , and \$ in .

In order to effect a recovery of its business, the Company has taken a number of steps to improve its financial situation. Among these steps is the implementation of an aggressive cost reduction plan while increasing direct sales resources. By the end of , the Company had replaced % of the lost business. The Company has letters of intent and commitments on new projects that are projected to produce a one time net increase in cashflow of \$ , as well as monthly net increases of \$ .

The Plan is poorly funded on a current liability basis. However, the Company has shown its determination to fund the Plan by providing a schedule of contributions that it intends to make that will be sufficient to meet the minimum funding standard for the Plan for the plan years ending December 31, thorough . Hence, the waiver of the minimum funding standard for the plan year ending December 31, , has been granted subject to the conditions stated above.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Company, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by this plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

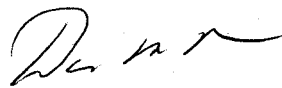
This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ending December 31, , the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the Manager, EP Classification in , and to the Manager, EP Compliance Unit in .

If you require further assistance in this matter, please contact

Sincerely yours,



Donna M. Prestia, Manager  
Employee Plans Actuarial Group 2